

Estate Tax Act

own in this country are concerned. I am very surprised to realize that in increasing the exemption for the widow to \$60,000, no reference is made to a widow who receives this property or the benefit of the goods left by the deceased husband. The amendment to clause 7 more specifically refers to the fact that it is the wish of this government that everyone should receive a benefit if he is a beneficiary, whether or not he is a spouse of the deceased person. I feel this brings about a situation whereby the government may lose certain taxes where the exemption is not properly or should not be properly admitted.

For instance, this brings about a situation whereby a man who has been separated from his wife for years may die and under his will may give the major portion of his estate to a total stranger. The stranger would receive the benefit of the exemption, whereas no doubt the intention is that the widow should receive the exemption. I feel that if the act were amended to grant the exception only in those cases in which there is a widow and dependent children, that would be more satisfactory and more in line with the wishes of the citizens of this country.

However, it may be said that there is some attempt to find a better solution to the problem of the difficulty, after the death of one spouse, of ascertaining just what was his property and what part of the assets may properly be the property of the surviving spouse. It is true that the wording has been changed to a certain extent but I do honestly feel, Mr. Chairman, that the change does not go far enough to protect the partnership which is created by marriage.

I feel that possibly in the smaller estates this problem arises more specifically. I read a short time ago comments to the effect that the increase now granted in the exemption, though it may affect 35 per cent of the estates, will reduce the income to the government by barely 6 per cent. It is true that in smaller estates the attention required is not given by the husband or the wife to the problems which may occur after their death. In recognition of the rights of the remaining spouse in the property left by one who dies, I would suggest that possibly in estates of \$100,000 and less, half be automatically considered as the property of the surviving spouse, thereby bringing about a proper and true exemption.

I should like to say one word on another matter, namely the exemption permitted for the benefit of surviving children. I feel that this brings about a problem where a father dies leaving very young children. It is true that the act provides certain exemptions of

up to \$15,000 per child, but it states that all that is considered by the department is the fact that the child is under 21 years of age. In other words, the exemption is the same for a father who leaves three children ranging from say 16 years of age to 20 years of age and a father leaving three children whose ages range from 2 years to 5 years.

I feel that necessarily as this exemption is given to help overcome the burden of bringing up the children who are left fatherless, the exemption should vary and be increased as the age of the surviving children decreases. In other words there should be a scale whereby if a man dies leaving children who are very young, the exemption will be greater than in the case where the children may be requiring some assistance for a year or two only before they mature.

Although the act brings about certain assistance which the citizens necessarily require, I feel that in its essence and principle it does not pay enough attention to the partnership which is created by marriage. In the second place, I think it is wrong in the sense that the government will be losing the benefit of taxes in those cases where all the benefits of an estate may go to strangers although a wife may survive the deceased.

I mentioned earlier that possibly there is no real principle whereby a surviving husband should benefit from the exemptions only if he is infirm or an invalid. It seems to me that there is no justification for this limitation, though I realize that it may not be the most important of my comments. I feel that the act should pay greater attention to the ownership of the assets of a married couple upon death, especially with the full intention of assisting the smaller estates where often the people concerned do not pay all the attention which may be required to provide for the future if some misfortune should happen in the family. Also I feel that greater exemptions should be given to these very young children who are left without fathers early in life.

Clause agreed to.

On clause 2—*Persons domiciled in Canada.*

Mr. Benidickson: I simply want to point out that, as the minutes of course elaborate, we have heard much of some of the reductions in taxation, particularly as to the foreign real estate item. Under this clause and clause 3 certain types of property which had hitherto escaped succession duty or estates taxation now come under taxation.

Clause agreed to.